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ABSTRACT

A study was conducted to determine if interest in business and financial news could be predicted from factors other than demographic variables. It was hypothesized that the type and number of personal financial investments the reader had would predict interest in business and financial news. In a telephone survey, 376 adults in a large, Southwestern city indicated on a 4-point scale their interest in various categories of news, including business and financial. In addition, respondents indicated which, if any, personal investments they had ranging from regular or interest-bearing checking accounts to corporate stocks or bonds. About 63% of the sample indicated they were very or somewhat interested in business and financial news. The study confirmed that those who show the most interest in business and financial news are generally males with college degrees, 35 years of age or older, and with annual household incomes of above $50,000. Results also showed that more respondents holding each type of investment showed more interest in business and financial news than did those who did not have such investments. In addition, the type of investment was related to interest in business news. For example, 75% had a regular checking account and 62% of them indicated they were very or somewhat interested, while only 16% of the sample had a money market account, but 87% of them were very or somewhat interested. All respondents with seven or more types of investments indicated they were somewhat or very interested. The results indicate that those most interested in business and financial news were those with money to invest in more risky investments than ordinary bank accounts and who were also actively managing their money. (Tables of data and 21 references are included.) (HTH)

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NEWSPAPER READER INTEREST IN BUSINESS NEWS

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Newspaper Reader Interest

in Business News

Although the affairs of business have been news at least since the market crash of 1929, newspaper coverage of business has only recently begun to go beyond carrying stock market prices and accepting corporate handouts as "news." Beginning in about the mid-1970s, U.S. daily newspapers discovered that news about business and businesses was legitimate news. Business news coverage also became a great deal more systematic and sophisticated at about that time than it was before. Coverage has progressed beyond the "unpleasant little war going on between the newsrooms and boardrooms of America."[1] According to Louis Banks, former managing editor of *Fortune* , the 1970s saw newspapers developing the sophistication of such business magazines as *Fortune, Business Week* and *Forbes* "to meet business on its own terms."[2]

Interest in business on the part of newspapers is not simply academic. Beginning in the mid-1970s, the state of the economy became big news to the average citizen. According to Seymour Topping, "In 1976, 38 percent of our readers found financial and business news to be one of the more important or interesting parts of the paper. According to our most recent survey, in 1980 the figure was 50 percent and readership ranked near the top of the list among all categories of news." [3]

Reader interest in business news

The middle 1970s was also a period of intense effort on the part of newspapers to reverse the downward trend in adult readership. The Newspaper Readership program was born then and a great deal of research among readers

and nonreaders was commissioned by the Readership Council. One such study investigated, among other things, readership of business news. Business news was defined as "news of business, industry, commerce, banking, finance, and trade." [4] Weaver and Mauro found that 21 percent of the men in their sample of 220 reported reading business news--considerably fewer than the 45 percent who reported reading "national government news." Among the women in the sample, only 16 percent reported reading business news. Interest in business news was even less among younger (18-34) men and women. But younger men and women also generally read less of the total newspaper.

In another study it was found that "newspaper subscribers have broader and more varied 'interests' in economic news than personal surveys indicate." [5] In his study of suburban residents, Jackson found that economic news that is related to keeping informed about events that could affect the family unit was of high interest to the readers.[6]

Another academic study of reader interest in business and financial news which was conducted in North Carolina in 1979 found that:

- The public is most interested in stories about local business and industry.

- The young are most interested in reading about how business and industry affect the environment, the development of new products and how business in general works.

- Interest in national business news is lower than interest in news about local business and industry. Older readers and those with only high school educations are least interested in national business news.

- Very little interest is expressed for stock market reports in the newspaper. Men are more interested than women, but interest is still low.

- Coverage of business news by both television and newspapers is considered slightly biased in favor of business and industry. Public statements by major corporations are considered generally trustworthy.[7]

In 1975, Hubbard repeated his 1966 survey of business editors and found, according to the several editors surveyed, that "popular interest" in financial news had increased substantially from 1965 to 1975. About one-fifth of the business editors estimated that popular interest in business news had more than doubled between 1965 and 1975. While not providing any definitive answers to why popular interest in business news had more than doubled in the decade, one of Hubbard's sources attributed the increased interest to the troubled economics of 1975. According to Hubbard's findings, editors began to change their concept of business news coverage in response to their readers' interests. "We have moved away from academic, analytical pieces (including lengthy earnings reports) to more Wall Street Journal-type stories" said one editor.[8]

Interest in business and financial news among academics seems to have waned since 1980 since little published research concerning business news could be found. On the other hand, interest in the subject on the part of the news media continues unabated. In the May/June 1983 issue of the ASNE Bulletin, Michael R. Fancher reports on a survey The Seattle Times conducted to develop a profile of readers and nonreaders. The study resulted in two major findings:

• Business page readers seemed to be good newspaper readers generally. They read other parts of the newspaper and were among our best customers. They generally gave us positive ratings for business coverage. Yet, the more important a topic was to them, the less satisfied they were with our coverage.

• Nonreaders of the business pages were younger and less affluent than business readers--but usually better educated. They said they were intimidated by traditional business news. They clearly favored articles about personal finances and money mangement.[9]

Peter Barnes in *The Wall Street Journal* reported on July 30, 1976 that television was rapidly expanding its business coverage. He quoted an NBC news vice president as saying, "What was once a culture in which business expertise was limited to savings accounts has become very sophisticated individual retirement accounts, money market accounts and stock options."

Fred Andrews, business and financial editor of *The New York Times* recently spoke about the increasing coverage being given to business--especially personal business--by the *Times* . " 'If our (business) section has thrived it's because we write for everyone who reads the *New York Times* ,' Andrews said."[11]

Present Study

The North Carolina study suggested that "newspapers seeking ways to increase readership . . . should consider . . . extend(ing) coverage of business and industry news because readers are interested in it."[12] And, according to

Feldman and Arnoff, newspapers did increase their coverage of business and economics between 1968 and 1978. "Much of the increase occurred . . . during the 1971-1975 period as an apparent response to such massive occurrences as the deepest recession in 50 years and the severe energy shortage. Coverage has generally continued to increase since that period, but at a decreasing rate."[13]

The authors of the current study were co-chairs of a Southern Newspaper Publishers Association seminar for business writers and editors in September of 1986. At that seminar, which was attended by some 30 business writers and editors from newspapers throughout the South, the most commonly expressed concern had to do with who, if anybody, read the business pages and columns of their newspapers. This study was designed to answer that question. As discussed above, we already have a fair amount of information about *who* the business page readers are. In addition to the studies previously cited, Deanne Termini of the Dallas-based newspaper research firm, Belden Associates, told the seminar participants that business news readers tended to be male, between 35 and 49 years of age, have at least some college, have white collar jobs and have annual household incomes of $50,000 or more.[14] But if we have a general idea of who business news readers are, we know almost nothing about *why* they read and are interested in business and financial news. The present study was designed to determine if interest in business and financial news could be predicted from factors other than demographic variables. Some clues as to the probable variables came from a conference sponsored by the National Press Foundation in 1985. One of those attending the conference made the comment that a few years ago he had a checking account and an account at a savings and loan. "This year, my tax statement bristled with financial data.

Money market accounts, mutual funds. In all honesty, I haven't suddenly gotten wealthy. But in the current, deregulated financial markets, knowledge about money and business is a matter of survival" (emphasis added).[15]

Another clue, of course, may be found in the "uses and gratifications" approach to the study of media use. The basic assumption of the uses and gratifications approach is simply that individual needs may be satisfied through the mass media.[16] What the uses and gratifications approach suggests for the present study is that those persons with economically sensitive investments will have a need for information which will help them to manage their investments and that the business pages of the daily newspaper are an efficient means of acquiring the information necessary to satisfy that need.

The major hypothesis under investigation in this study, therefore, was that in addition to the demographic characteristics of the audience, the type and number of personal financial investments the reader had would predict interest in reading about business and financial news. In other words, it was our belief that the demographic characteristics of those who regularly read the business pages of daily newspapers are essentially locator variables; they locate people with sufficient discretionary income to invest in more than simple checking and savings accounts.

Method

The data upon which this report is based were gathered by a telephone survey of randomly selected adults in a large city in the Southwestern United States. Interviewing was conducted by undergraduates trained by the authors. In order to insure the inclusion in the sample of non- and unlisted telephone

households, a random digit dialing technique was used. Random selection of respondents was accomplished by instructing the interviewers to ask to speak to a male resident of the household who was 18 years old or older. If that male was not available, the interviewer made an appointment to call back later when he would be available. If there was no male 18 or older in the household, the interviewer was instructed to ask for a female adult.[17] Interviewers were instructed to make two attempts to convert refusals into interviews:

> If respondent refuses to be interviewed, say, 'The interview will take only a few minutes, and because we are calling only a few people, it is important that everyone selected by the computer answer all the questions.' If the responent still refuses, say: 'If it would be more convenient for you to talk at another time, I would be happy to call you back.'

After two refusals, the interviewer was instructed to go to the next telephone number on the list and to repeat the process in that household.

The results are based on 376 completed interviews out of 587 valid numbers attempted for a response rate of 64 percent. Respondents were asked to indicate on a four-point scale ranging from "very interested" to "not at all interested" their interest in local sports news, business and financial news, local news, news about the economy, jobs, etc., and international or world news. In addition, they were asked which, if any, personal investments they had ranging from regular or interest-bearing checking accounts to corporate stocks or bonds.

Results

Respondents

The 376 respondents were equally divided between men and women. According to the July 1986 *Sales and Marketing Management Survey of Buying*

Power the sample on which this analysis is based is somewhat younger, more affluent and more white than the general population.[18]

Interest in Business News Compared to Other News

As expected, the most popular category of news was local news. Some 85 percent of the total sample reported being "very" or "somewhat" interested in local news. About 63 percent of the sample indicated they were very or somewhat interested in business and financial news, but only 56.7 percent of the total sample was very or somewhat interested in local sports news. Using a measure of "regularly reading," Termini reported that Belden's research showed more people read sports news than business news, but that both sports and business news regular readers were fewer in number than readers of front page and local news.[19] The survey results are shown in Table 1.

TABLE 1
Percent of Respondents Reporting Being "Very" or "Somewhat Interested" in Five Categories of News in Order of Response

News Category	Percent	Mean*
Local news	85.4	3.34
International, world	84.3	3.41
Economy, Jobs	80.4	3.28
Business and financial	63.3	2.81
Local sports	56.7	2.72

* 4 = "Very interested"

Interest in Business and Financial News by Demographics

Termini reported that the majority of regular readers of business and

financial news were male, between 35 and 49, had at least some college, white collar jobs and had annual household incomes of $50,000 or more.[20]

We hypothesized that our findings would show essentially the same demographic interest patterns in business and financial news as those reported by Termini. And, indeed, they did.

Significantly more men were interested in business and financial news than women. Nearly two-thirds of the men were at least somewhat interested in business and financial news compared to only 60 percent of the women. The real difference between them was that only 8 percent of the men expressed no interest at all compared to 18 percent of the women.

There was also a significant, positive relationship between age and interest in business and financial news. About 70 percent of those who were 45 or older were "somewhat" or "very" interested in business and financial news; 68 percent of those who were between 25 and 44 were at least somewhat interested and only 55 percent of those between 19 and 24 were somewhat or very interested in business news. Again, although a majority of all age groups showed interest in business news, the differences in interest among them were statistically significant.

Education was postively and significantly associated with interest in business and financial news. About 84 percent of the respondents with a college degree or more education said they were at least "somewhat" interested in business and financial news. Conversely, only 58 percent of those with less than a college education were at least "somewhat" interested in business and financial news. Obviously, there is interest in business news among both groups, but the difference in interest between them is statistically

significant.

As expected, income and interest in business and financial news were positively related. Fully a third of those with total annual family incomes of $25,000 or more were "very" interested in business and financial news, but only 17 percent of those with less than $25,000 in total family income were "very" interested.

There was no statistically significant difference in interest in business and financial news between homeowners and non-homeowners, between employed and not employed or between whites and nonwhites.

Table 2 shows the chi-square tests for each demographic analysis.

TABLE 2

Chi-square Tests of Significance
for Demographic Variables
and Interest in Business News

Variable	X^2	df	*p* value
Sex	9.02	3	<.05
Age	7.50	2	<.05
Education	31.93	3	<.01
Income	13.95	3	<.01

The analysis of interest in business and financial news by demographics confirmed what we already suspected about *who* was interested in reading about business news. This study confirmed that those who show the most interest in business and financial news are generally upscale males with college educations. Of much more interest is *why* they are interested in

business news. To answer this question, we hypothesized that interest in reading about business and financial news would depend on the individual's financial investments.

Interest in Business News and Personal Investments

We had hypothesized that both the type and number of personal investments would be related to interest in business news. Repondents were asked if they did or did not have a regular checking account, an interest-paying checking account, a passbook savings account, a money market account, a certificate of deposit, an individual retirement account, a retirement annuity, corporate stock, or bonds. More people with each investment showed more interest in business and financial news than people who did not have the investment. Moreover, the type of investment was related to interest in business and financial news. For example, 75 percent of the sample had a regular checking account and 62 percent of them indicated they were "very" or "somewhat" interested in business and financial news. On the other hand, only 16 percent of the sample had a money market account, but 87 percent of them were very or somewhat interested in business and financial news. These results are shown in Table 3.

TABLE 3

Percent of Respondents Reporting Being "Very" or "Somewhat" Interested in Business and Financial News by Type of Investment

Type of Investment	Percent with Investment	Percent "Very" or "Somewhat" Interested
Regular Checking Acc't	75.3	62.2
Passbook Savings Acc't	50.0	60.7
Interest paying Check. Acc't	30.1	77.0
IRA	24.7	77.5
Certificate of Deposit	20.7	80.8
Corporate Stocks	18.1	82.3
Money Market Account	16.2	86.9
Bonds	13.3	82.0
Retirement Annuity	10.4	74.3

Number of investments

We had hypothesized that the more investments held by the individual, the more information the individual would need about the investments and therefore, the number of investments would predict the level of interest in business and financial news. To determine if the number of investments was predictive of interest in business and financial news, we created a new variable by giving each individual a "score" from 0 to 9 depending on how many of the investments he or she held.

About 57 percent of those who had none of the nine investments indicated at least some interest in business and financial news. But, as predicted, 100 percent of those respondents with seven or more of the investments said they

were somewhat or very interested in business and financial news.

This "investment" score was correlated with interest (which ranged from 4 to 1). The Pearson Correlation coefficient was 0.2434, a small, but positive and significant ($p < .05$) relationship between the number of investments held and degree of interest in business and financial news.

Regular Checking Account

There was no statistically significant difference in interest in business and financial news between those respondents who had a regular checking account and those who did not.

Interest-Paying Checking Account

Significantly more respondents who had an interest-paying checking account were interested in reading business and financial news than those who did not have such an account.

Passbook Savings Account

The difference in interest in business news between those who had a passbook savings account and those who did not was not statistically significant.

Money Market Account

Significantly more respondents who had a money market account were interested in business and financial news than those who did not.

Certificates of Deposit

Significantly more respondents who had a certificate of deposit were interested in business and financial news than those who did not have a certificate of deposit.

Individual Retirement Account

Significantly more respondents who had individual retirement accounts were interested in business and financial news than those who did not.

Retirement Annunity

There was no difference in interest between those respondents who had retirement annuities and those who did not.

Corporate Stocks

Significantly more respondents who owned corporate stocks were interested in reading busines and financial news than those who did not own stocks.

Bonds

Ownership of bonds was significantly related to interest in business and financial news.

The results of the chi-square analyses of investments and interest in business and financial news are shown in Table 4.

TABLE 4

Chi-square Tests of Significance
for Investment Variables

Variable	X^2	df	*p* value
Regular Checking Acc't.	1.43	1	n.s.
Interest-bearing Checking	11.10	1	<.01
Passbook Savings	1.64	1	n.s.
Money Market Account	16.70	1	<.01
Certificate of Deposit	16.82	1	<.01
Individual Retirement Acc't	9.01	1	<.01
Retirement Annuity	2.01	1	n.s.
Corporate Stocks	12.12	1	<.01
Bonds	7.93	1	.01

As the data in Table 4 show, certain investments are related to interest in business and financial news and others are not. Those not significantly related to interest in business and financial news could be called, "passive investments." Regular checking accounts, passbook savings, and retirement annuities do not require active monitoring on the part of their owners. The other investments, it can be argued, require more attention on the part of their owners; they are more "risk-intensive."

Discussion

These results indicate that those persons most interested in reading about business and financial news are those who have money to invest in more risk-intensive investments than regular checking accounts, passbook savings and

annuities. They may also be involved in actively managing their money. It can be argued that regular checking accounts, passbook savings accounts and retirement annuities are passive investments that do not require active management. Conversely, it can be argued that the other investments, being somewhat more prone to economic risk, require more active management and, therefore, require the owner of such investments to keep up with business and financial news.

The results also suggest that ownership of the more risk-intensive investments is confined to those affluent enough to afford them. Thus, interest in business and financial news is most intense among the relatively affluent members of the population who also own one or more risk-intensive investments. Nevertheless, interest in business and financial news is of at least some interest to a majority of almost all demographic groups regardless of whether they have any investments.

These results suggest to business news editors that there is a fairly large audience among the general newspaper readership for business and financial news (nearly two-thirds of our sample), but that the interest is most intense among those who are actively managing their money with some combination of investments. Therefore, the results confirm Michael Fancher's observation that readers are interested in news about personal finances and money management.[21]

Although these results are hardly surprising, they are one small step toward understanding the increasing interest among the general newspaper audience in business and financial news. If our results can be generalized to newspaper audiences at large, they suggest that interest in business and

financial news will increase as more and more people become more involved in money management. And with the number of possible investments increasing, almost all members of a typical newspaper audience will find more attractive ways to invest than in regular checking accounts, passbook savings and retirement accounts. These results suggest that newspapers can increase the already widespread appeal of their business coverage by providing information relative to personal money mangement.

Future research should concentrate on other possible causal factors to explain more of the apparently increasing interest in business and financial news.

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